

**FTC/DOJ Hearings on Health Care  
And Competition Law and Policy  
Statement of James R. Reynolds, M.D., F.A.C.S.**

**North Central Heart Institute**

**Sioux Falls, South Dakota**

**March 27, 2003**

**Washington, D.C.**

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I am pleased to submit this statement on behalf of North Central Heart Institute and the Heart Hospital of South Dakota, where I practice cardiovascular/thoracic surgery.

I am a member of the Governing Board and the Performance Improvement Committee at the Heart Hospital of South Dakota. I am also on the Active Staff at Avera McKennan Hospital and Sioux Valley Hospital, both located in Sioux Falls, SD.

North Central Heart, Avera McKennan Hospital and the MedCath Corporation are the founding members of the Heart Hospital of South Dakota. This partnership was founded as a consequence of the changing healthcare delivery system in Sioux Falls. The Heart Hospital of South Dakota presented a unique opportunity for physicians and hospitals to come together as partners to develop an outstanding facility to provide world-class care in cardiovascular medicine. Together we have played a significant role in selecting the equipment and technology for cardiovascular care, designing our rooms to improve the experience of patients and the quality of their care, and developing staffing ratios that are truly effective, efficient, and that enhance the quality of care. The partnership gives physicians an opportunity to have a role in how the hospital is managed and to share in ideas, concepts, and practices that provide patient focused care, unique to this relationship model.

This partnership is dedicated to high quality, cost effective care of our patients. We are committed to supporting the values of our community, as they relate to taking all patients, regardless of their ability to pay, to supporting our community charitable efforts, providing world-class care and providing high quality emergency room services. The Heart Hospital and our practice are heavily committed to the Medicare and Medicaid program as approximately 70% of our patients participate in these two programs. Given the above, we also support our community by paying \$700,000 in property taxes.

Ongoing clinical research continues to be of paramount importance, as well as the development of new technology. One of our physicians, Dr. J. Michael Bacharach, has established the regions finest endovascular program and was the first to perform a thoracic aneurysm stent graft. The Heart Hospital of South Dakota has established excellent clinical results as compared to regional providers. Length of stay and cost calculations demonstrate a 15% reduction from state averages, based on MedPar data.

Teaching is an important part of our mission. This past year we have participated in the education of approximately 100 students from 14 different programs. These include students from medicine, nursing, x-ray, laboratory, anesthesia, respiratory, dietetics and administration. As you can see, we take our teaching responsibility very seriously.

We have seen the same local competitive tactics that mirror those used elsewhere, such as efforts to dissuade potential investors from participating in a competing facility. These tactics have included making operating room scheduling difficult and less convenient, attempting to divide physician groups, and encouraging potential investors to break off and form separate cardiovascular delivery groups by offering significant salary incentives.

The Heart Hospital of South Dakota clearly represents the pinnacle of cardiovascular care that I have experienced in my 25 years of medical practice. What we have achieved in the past two years will continue to grow, providing a level of care and quality that only a true partnership of physicians and hospitals can obtain. We are proud of our community and we are proud of our partners and the role they play in the Heart Hospital of South Dakota.

Respectfully submitted,

James R. Reynolds, MD, FACS